

**New Jersey Public Broadcasting Authority
Meeting of the Board of Commissioners**

March 27, 2009 10:00 a.m.
NJN Studio, Trenton, NJ

MINUTES

Steven C. Fiske, M. D. FACP FACG, Acting Chair, Presiding
NJPBA Two Hundred Forty-Fifth Meeting

Minutes of the meeting of the New Jersey Public Broadcasting Authority ("NJPBA") held at the board room in the NJN Studios, 25 South Stockton Street, Trenton, New Jersey on March 27, 2009 at 10:00 a.m.

I. Call to Order – Open Public Meeting Notice, Dr. Steven Fiske, Acting Chair, NJPBA

Acting Chair Dr. Steven Fiske called the meeting to order. In accordance with the provisions of the Open Public Meetings Act of the State of New Jersey, notice of this meeting was filed with the Office of the Secretary of State, posted on the appropriate bulletin boards maintained for such purposes by the Authority, and distributed by press release to daily newspapers in New Jersey.

Dr. Steven Fiske then requested a roll call. Commissioners present and participating at the meeting were Dr. Steven Fiske, Acting Chair (via phone); Stephanie Hoopes Halpin (via phone); Andrea Cummis (via phone); Phyllis Salowe-Kaye (via phone); Ed Carman, Department of Community Affairs (on behalf of Commissioner, Joseph Doria) (via phone); Robert Smartt, Ethics Liaison Officer, Department of the Treasury (on behalf of State Treasurer R. David Rousseau) (via phone); David Wald, Communications Director, Department of Law and Public Safety (via phone) (on behalf of Attorney General Anne Milgram). Also participating were Joseph Donohue, Assistant State Treasurer, (via phone); Kevin K. Mistry, Deputy Attorney General; Kent Manahan Acting Executive Director, NJPBA; and several NJPBA staff and special guests – Judy Goetz (taking minutes), Mary Kate Maloney, Kathy Budd, Larry LiMato and Stephen Datkowitz.

Acting Chair Dr. Fiske thanked everyone for participating in the meeting. We have a quorum. The purpose of this meeting is to vote on the resolution Approving the Fiscal Year 2008 Audit Report. Acting chair Dr. Fiske then read the resolution:

RESOLUTION OF THE NEW JERSEY PUBLIC BROADCASTING AUTHORITY APPROVING THE FISCAL YEAR 2008 AUDIT REPORT

WHEREAS, the New Jersey Public Broadcasting Authority (the "Authority") was created pursuant to the New Jersey Public Broadcasting Authority Act of 1968, L. 1968, c. 405, as amended (N.J.S.A. 48:23-1 et seq.)(the "Act");

WHEREAS, the Audit Committee established pursuant to Article V, Section 3 of the By-Laws and in accordance with the requirements of Executive Order No. 122 (McGreevey 2004) ("EO 122") has reviewed the Independent Auditor Reports from the firm of Mercadien, P.C., the Independent Auditor to the Authority, for Fiscal Year 2008 ("Fiscal Year 2008 Audit Report"); and

WHEREAS, the Audit Committee recommends adoption and approval of the Fiscal Year 2008 Audit Report to the Commissioners of the Authority; and

WHEREAS, the Commissioners of the Authority desire to adopt and approve the Fiscal Year 2008 Audit Report.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSIONERS OF THE NEW JERSEY PUBLIC BROADCASTING AUTHORITY AS FOLLOWS:

1. The Commissioners of the Authority hereby adopt and approve the Fiscal Year 2008 Audit Report from the firm of Mercadien, P.C., the Independent Auditor to the Authority, for the Fiscal Year 2008.
2. This resolution shall take effect immediately in accordance with the Act.

On behalf of Scott Kobler, Chair of the Audit Committee, Stephanie Hoopes-Halpin commented on the audit.

Ms. Hoopes Halpin stated that the audit took longer than it has ever taken but it is very thorough. This was due to some changes in Authority staff, new accounting rules and there was a concern about the Authority continuing as an on-going entity as we were dealing with our Fiscal Year 2009 budget. In addition the fact that NJN does not have a general ledger system and that continues to be a on-going problem. The lack of a general ledger system means that the audit takes longer and that mistakes are being made in keeping track of the Authority's financial information. It also means that the Authority does not have the up-to-date financial information that is needed.

Ms. Hoopes Halpin stated that it will be a priority going forward to procure a general ledger accounting system. Acting Chair Dr. Fiske thanked Mr. Kobler, Chair of the Audit Committee as well as the members of the Audit Committee and the Finance Committee for their hard work.

Robert Smartt, Department of the Treasury stated that the audit identified a \$1.8 million dollar discrepancy due to an error in accounting for money moved between the Foundation and the Authority. This was reconciled and this is the type of issue which a general ledger system would help.

David Wald, Department of Law and Public Safety asked about the deficiency in internal control over financial reporting as reported in the audit report. Mr. Smartt stated that this would be corrected by implementing a general ledger system.

In response to a question about why an out-of-state firm was retained to conduct the audit, Mr. Smartt noted that the auditing firm has offices in Princeton, New Jersey as well as Pennsylvania. Six proposals were received. Mr. Smartt stated that there are rules governing this process, they were followed and this was the best firm for us to use.

Acting Chair, Dr. Fiske stated that he is happy and satisfied with the audit report and indicated that it was a "good news" audit. Mr. Smartt stated that corrective actions have been identified.

Mr. Smartt reviewed the significant issues identified in the Fiscal Year 2009 Audit Report:

- *Verification of amounts due from the State of New Jersey* – This would be corrected with a general ledger system.
- *Disclosure of management plans to mitigate the going concern* – Management acknowledged that state budget constraints will require the identification of alternative funding sources and spending reductions to achieve long-term fiscal stability, and will undertake a planning process for the 2010 fiscal year to align future spending with reasonably recurring revenues. However, management stated that it has the necessary plans and controls in place to ensure that there is no budget gap for the fiscal year ending June 30, 2009.
- *Ongoing requests for extensions from the Corporation for Public Broadcasting* – The Authority asked and received a series of extensions from CPB which requires an approved audit of financials in order to release the second half of their grant to the Authority.
- *Application of the single audit compliance requirements* – This dealt again with the Authority's consistency with generally accepted auditing practices and principles.
- *Disclosure of other postemployment benefits* - This is a State public accounting issue to disclose the costs of employee pension and benefit issues. The Authority staff is part of the State pension system and the State pension system has certain liabilities to pay those benefits.

A motion to approve the resolution was made by Ms. Hoopes-Halpin and seconded by Mr. Smartt. The motion to approve the resolution was voted upon and approved unanimously.

The approved Fiscal Year 2009 audit is now of public record. It will be posted on the Authority's website, sent to the Treasurer's Office, the Governor's Authorities Unit, CPB, and the federal government.

Acting Chair Dr. Fiske asked if the Authority would be eligible for any dispensation or discount in yearly fees due to CPB due to the losses experienced during these difficult economic times.

Kent Manahan, Acting Executive Director of the Authority stated that a request had been made early on in the process and that she was informed that no discounting of the yearly fees due were available at that time but we could make arrangements for payments on a different time schedule. Ms. Manahan stated that the Authority has been prudently taking advantage of that offer. Ms. Manahan stated that she will continue to monitor any changes that may come up due to the current economic environment should the Corporation for Public Broadcasting reexamine that issue.

Mr. Smartt stated that this is a nationwide problem. It would be appropriate to work with the Association of Public Television Stations to ask CPB for some relief. Acting Chair Dr. Fiske then suggested that this process be initiated. Ms. Manahan stated that Authority staff would take that lead.

Phyllis Salowe-Kaye asked what the Authority was doing about the Authority's State appropriation. Ms. Manahan said that the Authority was scheduled to testify at the end of April or beginning of May. Ms. Manahan stated that specific State appropriation allocations have not yet been released.

Acting Chair, Dr. Fiske raised the issue of Ms. Manahan's impending retirement in two months. Acting Chair Dr. Fiske stated that he is very uncomfortable with the situation, especially that the Commissioners do not yet know who will replace Ms. Manahan. Ms. Manahan stated that her one-year retirement extension will be up on June 30, 2009. Mr. Smartt said that this is a matter of some urgency and should be discussed at the next meeting. The appointment of Executive Director is made by the Authority Board in consultation with the Governor. The Executive Director also serves on the Foundation Board. Acting Chair Dr. Fiske stated that he is "Acting" Chair of the Board and there are opening spots on the Board as well. He expressed that there needs to be some urgency from the Governor's Office regarding these issues. Acting Chair Dr. Fiske stated that it feels like the Authority is in a life boat.

Ms. Hoopes-Halpin said that this issue should be focused on at the next meeting and we need some direction from the State and Foundation on what the Commissioners are actually looking for in an Executive Director. Ms. Hoopes Halpin requested that someone from the Governor's Office to participate in the next meeting to answer these questions and give the Commissioners some advice on what our next step is.

A motion to adjourn the meeting was made by Ms. Hoopes-Halpin and seconded by Mr. Smartt. The motion to adjourn was voted upon and approved unanimously. The meeting adjourned.

